REMARKS

By this amendment, Claims 120-122 have been amended. Claims 90-119 and Claims 124-134 have been canceled. Claims 135-160 have been added. Support for the added Claims 135-160 is found in the specification. No new matter has been added. Accordingly, Claims 120-123 and 135-160 are at issue.

Remarks Concerning Rejections Under 35 U.S.C. § 102

On pages 2-10 of the February 24 Office Action, the Examiner rejected Claims 90-119 and 124-133 as being anticipated by U.S. Patent No. 5,101,353 to Lupien ("Lupien"). Those claims have been canceled, and the Examiner's rejection of those claims has thereby been rendered moot.

For the purpose of streamlining the present application, Applicants have directed all of the pending claims to methods involving exchange traded trusts. Therefore, Claims 90-119 and 123-134 have been canceled. Applicants maintain that those claims are patentable, and hereby traverse all rejections of those claims. However, in view of the cancellation of those claims and for purposes of this Reply, the Examiner's § 102 rejection has been rendered moot. Applicants thus turn directly to the Examiner's rejection under § 103.

Remarks Concerning Rejections Under 35 U.S.C. § 103

On pages 10-13 of the February 24, 2004 Office Action, the Examiner rejected Claims 120-123 as being unpatentable over Lupien in view of U.S. Patent No. 5,132,899 to Fox ("Fox"). In light of the amendments made herein to Claim 120, Applicants respectfully traverse that rejection.

Lupien discloses a system for trading individual securities that are part of a larger portfolio of securities, but does not disclose the creation or trading of a single newly created security that represents a plurality of existing individual securities. Fox fails to cure that deficiency. Fox discloses "a system whereby a list of stocks and a cash position is generated and

purchased for investment and operating accounts" (col. 1, ll. 65-68). As the Examiner noted, Fox references tradable trusts. Fox, in essence, discloses a method for integrating data from various databases to prepare a cumulative report, but does not disclose a trust that represents a portfolio of component securities. In short, Lupien discloses trading component securities of a portfolio, and Fox discloses a reporting system for trusts. Neither of those references disclose a single tradable trust security (i.e., a new security) whose price is representative of a plurality of component securities which already exist.

The difference between Lupien and the present invention is that in Lupien, securities are traded, where those securities are part of a larger portfolio of securities, whereas in the present invention, *one security* is traded, where that security represents an entire portfolio of securities. Both Lupien and the present invention are directed to portfolios, but the present invention is directed to a single security representing a portfolio. Lupien makes no such disclosure, and neither does Fox.

Moreover, Claim 120 has been herein amended to clarify that the trust has a price, and the price at which shares of the trust are traded is published, in real time, throughout a trading day. Neither Lupien nor Fox disclose that limitation either.

Claim 120 has also been amended to clarify that the real time calculated value of the trust is calculated based on a user-defined method of weighing the securities comprising the trust. Neither Lupien nor Fox disclose that limitation either.

Claims 135-160 have been added, which are all directed to various aspects of the present invention. They are all patentable over Lupien and Fox for the same reason that Claim 120 and its dependent claims are patentable: They all call for a security that is representative of a portfolio of securities. Claims 153 and 155 are further directed to a derivatives of shares of such funds, which are also not shown in Lupien and Fox.

All of the claims at issue also clarify that the price at which the shares of the trust are traded may be slightly different than the underlying value of the portfolio. This difference occurs because the public, and traders, can buy and sell amongst themselves at any mutually agreeable price, regardless of the actual value of the portfolio. Neither Lupien nor Fox disclose that the price at which shares of a trust are traded can differ from the value of the securities comprising that trust.

In addition to failing to disclose each of the limitations of the independent claims of the present invention, the combination of Lupien and Fox is improper because there is no motivation or incentive in the prior art to combine those references in the manner suggested by the Examiner (In re Napier (Fed. Cir. 1995), 55 F.3d 610, 613). Obviousness can only be established by combining or modifying the teachings of the prior art to produce the claimed invention where there is some teaching, suggestion, or motivation to do so found either in the references themselves or in the knowledge generally available to one of ordinary skill in the art (In re Fine (Fed. Cir. 1988), 837 F.2d 1071, 5 USPQ2d 1596; In re Jones (Fed. Cir. 1992), 958 F.2d 347, 21 USPQ2d 1941).

To establish a prima facie case of obviousness, three basic criteria must be met. First, there must be some suggestion or motivation, either in the references themselves or in the knowledge generally available to one of ordinary skill in the art, to modify the reference or to combine reference teachings. Second, there must be a reasonable expectation of success. Finally, the prior art reference(s) must teach or suggest all of the claim limitations. The teaching or suggestion to make the claimed combinations and the reasonable expectation of success must both be found in the prior art, not in the applicant's disclosure (In re Vaeck (Fed. Cir. 1991), 947 F.2d 488, 20 USPQ2d 1438). The Examiner bears the initial burden of factually supporting any prima facie conclusion of obviousness (MPEP § 2142). In the present case, the Examiner has failed to meet that burden. Instead, the Examiner has simply concluded one skill in the art would make the suggested modification. That is insufficient.

Applicants respectfully submit that because the combined references of Lupien and Fox do not teach or suggest the elements of independent Claim 120, as amended, Claim 120 and its dependent claims 121-123 are now in condition for allowance. Likewise, the new Claims 135-160 are also in condition for allowance, as all of the new independent claims also include the elements that distinguish Claim 120, as amended, over the combination of Lupien and Fox. Applicants therefore request that the § 103 rejection based on the Lupien and Fox references be withdrawn.

CONCLUSION

In light of the remarks made herein, Applicants respectfully submit that Claims 120-123 and 135-160 are in condition for allowance. Applicants respectfully request that the Examiner withdraw the rejections and allow the claims to issue. If it may be of assistance to contact the Applicants regarding the present invention, the Examiner is invited to do so. The Commissioner is hereby authorized to charge Deposit Account No. 23-0280 in connection with any fees associated herewith.

Respectfully submitted,

Dated: June 24, 2005 By: _____

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CERTIFICATE OF MAILING (37 C.F.R. § 1.8a)
I hereby certify that this correspondence is, on the date shown below, being deposited with the United States Postal Service, with first class postage prepaid, in an envelope addressed to: Mail Stop RCE, Commissioner For Patents, P.O. Box 1450, Alexandria, VA 22313-1450
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Lynn A. Liebergen/27329